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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

Genesis Global Holdco, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No.: 23-10063 (SHL)

Jointly Administered

**DECLARATION OF A. DERAR ISLIM
IN SUPPORT OF THE GENESIS DEBTORS' MOTION PURSUANT TO
FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019(A) FOR ENTRY OF
AN ORDER APPROVING SETTLEMENT AGREEMENT WITH FTX DEBTORS**

I, A. Derar Islim, hereby declare under penalty of perjury, pursuant to section
1746 of title 28 of the United States Code, as follows:

1. I submit this declaration (the "Declaration") in support of the *Genesis Debtors'*
Motion Pursuant to Federal Rule of Bankruptcy Procedure 9019(a) for Entry of an Order

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's tax identification number as applicable, are: Genesis Global Holdco, LLC (8219); Genesis Global Capital, LLC (8564); Genesis Asia Pacific Pte. Ltd. (2164R). For the purpose of these Chapter 11 Cases, the service address for the Debtors is 250 Park Avenue South, 5th Floor, New York, NY 10003.

Approving Settlement Agreement with FTX Debtors (the “Motion”),² filed concurrently with this Declaration.

A. Background

2. I am the interim Chief Executive Officer of Genesis Global Holdco, LLC, (“Holdco,” and together with Genesis Global Capital, LLC (“GGC”) and Genesis Asia Pacific PTE. Ltd., the “Genesis Debtors”, and together with the Genesis Debtors and Holdco’s non-Debtor subsidiaries, the “Company”). I have held my current title since August 17, 2022 and have been a member of senior management at the Company and Genesis Global Trading, Inc. (“GGT”), which is a sister company of Holdco, for about two years and a half years, and was historically the Chief Operating Officer at GGT.

3. I am generally familiar with the day-to-day operations and affairs of the Genesis Debtors, and have been directly involved in managing the Genesis Debtors’ operations since the initiation of the Chapter 11 Cases. I am also familiar with the operations of the Genesis Debtors’ non-Debtor affiliates and subsidiaries (together with the Genesis Debtors, the “Genesis Entities”), including GGC International (“GGCI”). Except as otherwise indicated, all statements in this Declaration are based upon my personal knowledge attained while working with the Genesis Entities; my discussions with members of the Special Committee of the Board of Directors of Holdco (the “Special Committee”); discussions with other members of the Genesis Debtors’ team and the Genesis Debtors’ other advisors; my review of relevant documents; and my views based upon my professional experience.

4. To the extent that the Genesis Debtors learn that any information provided herein is materially inaccurate, the Genesis Debtors will act promptly to notify the Court and other parties;

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

however, I believe all information herein to be true to the best of my knowledge, information and belief. I am authorized to submit this Declaration on behalf of the Genesis Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

B. The Settlement Process

5. The Genesis Debtors and the FTX Debtors (together with the Genesis Debtors, the “Parties”) commenced negotiations to explore the possibility of a settlement agreement subsequent to the filing of the Lift Stay Motion and the Estimation Motion. In the succeeding weeks, in parallel with continued efforts to narrow the issues to be considered by this Court in the proposed estimation proceeding, the Parties undertook to discuss a potential global resolution of all claims by and among the FTX Entities and the Genesis Entities.

6. Settlement negotiations and mediation were primarily handled on behalf of the Debtors by the Debtors’ counsel Cleary Gottlieb Steen & Hamilton LLP, who regularly consulted with the Special Committee as well as the Company’s senior management, and kept us updated about the process and progress of negotiations.

7. After numerous exchanges of settlement offers between the Parties via email correspondence and telephone conversations between the Parties’ respective counsel, the Parties reached a deal in principle on or around July 20, 2023. In this case, weighing the reasonableness factors for purposes of Bankruptcy Rule 9019, the Genesis Debtors, acting through their independent Special Committee and their advisors have concluded that the Settlement Agreement is fair and equitable, reasonable, and in the best interests of the Genesis Debtors’ estates and, thus, should be approved.

C. The Settlement Agreement

8. The terms of the Settlement Agreement provide significant and near-term benefits to the Genesis Debtors and their creditors, in contrast to the uncertainty and expense of fulsome litigation of the FTX Claims and Genesis Claims.

9. The Settlement Agreement will resolve all claims asserted by the FTX Entities against the Genesis Entities at a fraction of their face value, and will prevent FTX Entities from asserting any other Claim against the Genesis Entities. The Allowed FTX Claim amounts to less than 5% of the FTX Claims, which, as asserted, constitute more than 250% of the value of the Genesis Debtors' liquid assets and equal approximately 90% of all scheduled claims against GGC combined. As such, the Settlement Agreement avoids the possibility of a litigated judgment which could result in the FTX Claims being significantly higher than the Allowed FTX Claim.

10. As to the Genesis Claims, the Settlement Agreement eliminates the need for the Genesis Debtors to fully litigate the Genesis Claims in the FTX Bankruptcy Proceedings. While the Genesis Debtors believe that their claims have significant value, they also implicate complex factual situations that make an ultimate, litigated outcome uncertain. Regardless, the Genesis Claims are unsecured, and any recovery would likely occur in the distant future, if at all.

11. The Settlement Agreement will also facilitate the Genesis Debtors' confirmation of a Plan by eliminating the possibility that litigation regarding the FTX Claims might take place in the FTX Bankruptcy Proceedings, on a protracted timeline and with an uncertain outcome. The FTX Debtors have sought to fully litigate the FTX Claims in the FTX Bankruptcy Proceedings and have also argued that specific issues implicated by the FTX Claims should be decided in that forum. This would cause significant delay in the Genesis Bankruptcy Proceedings. Meanwhile, the Plan confirmation process, which is well underway, would benefit from certainty regarding the status and quantum of the FTX Claims.

12. The Settlement Agreement will save the Genesis Debtors from expensive and protracted litigation, which would result in costs amounting to at least \$5 million should the Court agree to estimate the FTX Claims, and to multiple times that figure should the FTX Claims be subject to adversarial proceedings. The Settlement Agreement will also avoid the possibility of rulings in either the Genesis Bankruptcy Proceedings or the FTX Bankruptcy Proceedings that could negatively impact the Genesis Debtors' defenses to Claims or Claims which they might assert against third parties. Further, the Settlement Agreement insulates the Genesis Entities, including GGCI, from claims which the FTX Entities might assert against them.

13. I also believe that the Genesis Debtors' professionals fully understand the difficulties of successfully concluding a litigation of this size and complexity and, indeed, have been analyzing, discussing, and preparing for litigation on the issues relating to the FTX Debtors for several months.

14. If approved, the Settlement Agreement would fully and finally resolve disputes among the Parties, permitting the Genesis Debtors and their advisors to focus resources and attention on other claims and claimants and move toward confirming the Plan and beginning to make distributions to creditors.

15. The Settlement Agreement is the product of significant efforts to reconcile the Genesis Entities' and the FTX Entities' outstanding claims against one another and is the product of extensive arm's length negotiations between the Genesis Debtors and the FTX Debtors. The Parties are represented by sophisticated and experienced professionals—highly regarded law firms and financial advisors with significant restructuring, litigation, and other relevant experience. The Settlement Agreement is fair and equitable, reasonable, and in the best interests of the Genesis Debtors' estates.

Dated: August 16, 2023
New York, New York

/s/ A. Derar Islm

A. Derar Islm
Interim Chief Executive Officer
Genesis Global Holdco, LLC